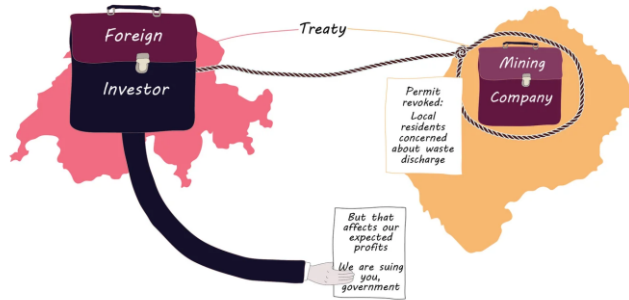

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What is investor-state dispute settlement (ISDS)?

Part 1: The Power



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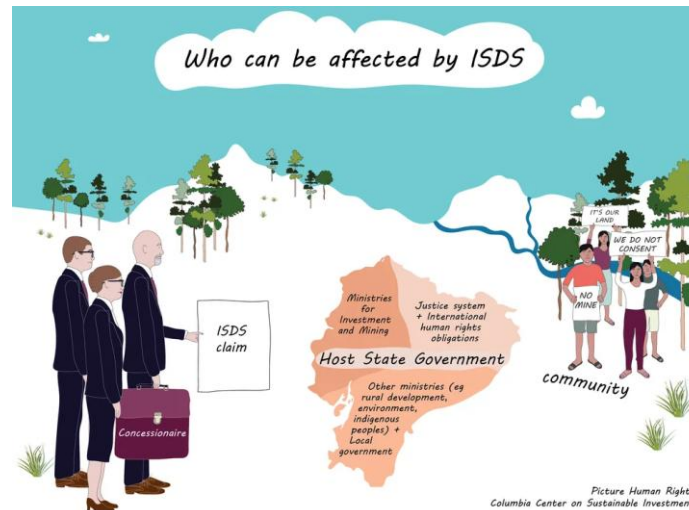
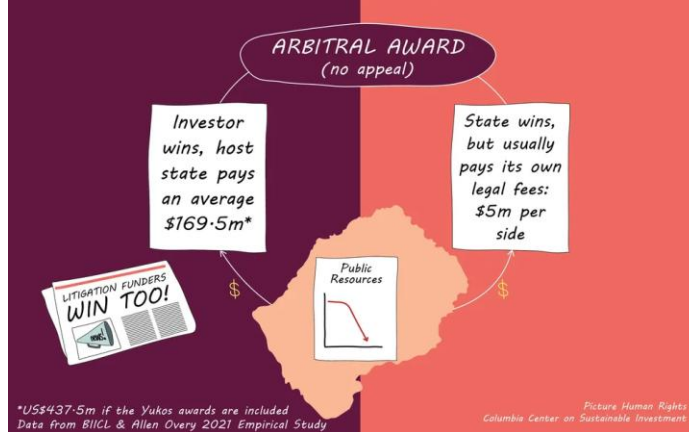
Part 2: The Process and People



Investment Law and Investor-State Dispute Mechanism (ISDS)

What is investor-state dispute settlement (ISDS)?

Part 3: The Prescription



International Investment Law and Climate Action



Fossil Fuel Phase-Outs

- Early retirement of coal power plants, early termination of oil and gas licenses .
- Potential ISDS claims for compensation for indirect expropriation and breach of FET standard.
- Compensation for future lost profits and sunk costs calculated using questionable formulas.
- Risk of regulatory chill and rising cost of climate action.



International Investment Law

- Investment treaties and contracts providing protection against government measures interfering with investor profits under treatment and expropriation standards.
- Dispute settlement via international arbitration avoiding local courts and using questionable methods of calculation for compensation.
- Longstanding tensions between investment law protections and states' human rights and environmental obligations.
- Cause of concern for complex and evolving energy transition policies.



Scaling Up Clean Energy

- Climate finance frameworks demand extensive policy and legal reforms to create enabling environments for scaling up private investment in clean energy.
- Investment law protections can have the effect of petrifying such enabling environments and make it costly for host states to alter subsidies or regulatory environments in response to changing needs or unforeseen outcomes.

